

165A.350 Requirements for agent's permit -- Bond -- Conditional license -- Renewal -- Owner's liability for actions of agents.

- (1) No person shall solicit or perform the services of an agent in this state for a proprietary school, located either within or without this state, unless the school shall have been issued by the board a certificate of approval or a certificate of registration pursuant to KRS 165A.310 to 165A.410 and the person shall have been issued an agent's permit for said proprietary school.
- (2) No person shall be issued an agent's permit unless he is an individual of good moral character as determined by the board.
- (3) Except as otherwise provided, no person shall be issued an agent's permit unless he shall make application upon forms to be provided by the board, and unless the application shall be accompanied by a fee as established by the board and a good and sufficient surety bond or other collateral as required by the board but not less than five thousand dollars (\$5,000).
- (4)
 - (a) The surety bond or other collateral shall be conditioned to provide indemnification to any student or enrollee who shall suffer loss or damage as a result of fraud or misrepresentation to the student or enrollee in procuring his enrollment in a course or courses of instruction or study offered or maintained by the proprietary school. The amount of liability on the surety bond or other collateral shall cover each agent each school year, as the term "school year" is defined in KRS 165A.310. Regardless of the number of years that an agent's bond is in force, the aggregate liability of the surety bond shall not exceed the penal sum of the bond. The surety bond may be continuous.
 - (b) Any claimant may file with the board a duly verified claim against an agent. The board may consider a claim after ten (10) days' written notice by certified mail, return receipt requested, to the licensee of the complaint giving time and place of hearing thereon and if the claim is found to be correct and due to the claimant, and if the board cannot effect a settlement by persuasion and conciliation, the board shall make a demand upon the principal on the bond and the surety thereon, and if not paid shall bring an action on the bond in any court of record within the State of Kentucky.
- (5) The surety bond may be of blanket form to cover more than one (1) agent for a proprietary school, but it shall provide the required minimum coverage for each agent.
- (6) A surety on the bond may be released therefrom after the surety shall make a written notice thereof directed to the board at least thirty (30) days prior to release.
- (7) The surety bond shall cover the period of the agent's permit except when a surety shall be released in the manner provided herein.
- (8) Notwithstanding the provisions of other sections, the board may issue an agent's permit to each person who is an owner of more than ten percent (10%) legal interest in a proprietary school located in this state and who is a resident of this state, and no owner shall be required to pay the agent's permit fee or execute an agent's surety bond as otherwise required by this section, if the proprietary school shall have been

issued a certificate of approval pursuant to the provisions of KRS 165A.310 to 165A.410.

- (9) The board may issue a conditional license on a monthly basis for up to a nine (9) month period of time.
- (10) An agent's permit shall be suspended by operation of law when the agent is no longer covered by a surety bond or other collateral is withdrawn as required by KRS 165A.310 to 165A.410; but the board shall cause the agent to receive at least ten (10) days' written notice prior to the release of his surety to the effect that the permit shall be suspended by operation of law until another surety bond or other collateral shall be filed in the same manner and like amount as required by the board.
- (11) An agent's permit shall be valid for a period of one (1) school year as herein defined, except when suspended or canceled pursuant to these provisions. An agent's permit may be renewed in the same manner and under the same conditions prescribed for the issuance of an initial agent's permit.
- (12) The owner or owners of the proprietary school shall be held responsible for all actions of their agents when performing their duties as agents.

Effective: July 13, 1990

History: Amended 1990 Ky. Acts ch. 79, sec. 3, effective July 13, 1990; and ch. 470, sec. 64, effective July 13, 1990. -- Amended 1982 Ky. Acts ch. 31, sec. 4, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 114, sec. 26, effective July 15, 1980. -- Created 1976 Ky. Acts ch. 363, sec. 5, effective July 1, 1976.

Legislative Research Commission Note (7/13/90). This section was amended by two 1990 Acts which do not appear to be in conflict and have been compiled together.